

Message Text

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ACTION EB-11

INFO OCT-01 AF-10 NEA-14 ISO-00 CAB-09 CIAE-00 COME-00

DODE-00 DOTE-00 INR-10 NSAE-00 RSC-01 FAA-00 PA-04

PRS-01 USIA-15 DRC-01 /077 W
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R 240910Z JUN 74

FM AMEMBASSY ADDIS ABABA

TO SECSTATE WASHDC 9689

INFO AMCONSUL ASMARA

AMEMBASSY BEIRUT

UNCLAS ADDIS ABABA 7186

E.O.11652: NA

TAGS: ETRN, ET

SUBJ: CIVAIR: ETHIOPIAN AIRLINES (EAL) ANNOUNCES DOMESTIC
FARE INCREASES

BEIRUT FOR RCAA

REF: ADDIS A-130 OF 6/5/74

1. EAL ANNOUNCED 7 PERCENT DOMESTIC FARE INCREASE EFFECTIVE JULY 1, 1974 DUE TO INCRASING FUEL PRICES. IN MAKING ITS ANNOUNCEMENT, EAL ALSO NOTED THAT INTERNATIONAL AIR FARES HAD RISEN 17 PERCENT IN PAST FEW MONTHS.

2. ACCORDING TO EAL SPOKESMEN WORLD FUEL CRISIS HAD INCREASED EAL'S DOMESTIC FUEL COSTS BY 67.5 PERCENT, WHICH COUPLED WITH REDUCTION IN DOMESTIC PASSENGER TRAFFIC HAD REQUIRED EAL TO INCREASE DOMESTIC FARES. WHILE FARE INCREASE WILL HELP HOLD LINE ON RISING FUEL COSTS, SPOKESMAN ADDED THAT INCREASE STILL INADEQUATE TO COVER EXPECTED LOSS ON DOMESTIC ROUTES.

COMMENT: DOMESTIC FARE INCREASE ONE MORE STEP (SEE REFAIR)
EAL TAKING TO CUT LOSSES. DOMESTIC ROUTES NEVER PROFITABLE
FOR EAL WHO TRADITIONALLY COVERED LOSSES THROUGH PROFITABLE
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INTERNATIONAL SERVICES. HOWEVER, DECLINE IN TOURISM DUE TO

RECENT DISTURBANCES HAS REDUCED BOTH DOMESTIC AND INTERNATIONAL
REVENUE SUBSTANTIALLY.
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Message Attributes

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Disposition Approved on Date:
Disposition Authority: n/a
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Disposition Event:
Disposition History: n/a
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